

INFORMATION REPORT

CD NO.

COUNTRY Czechoslovakia

SUBJECT Reorganization of the Czech Economy

DATE DISTR. 8 Nov 50

NO. OF PAGES 2

PLACE ACQUIRED 25X1

NO. OF ENCLS.
(LISTED BELOW)

DATE OF INFO.

SUPPLEMENT TO
REPORT NO.

25X1

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF THE ESPIONAGE ACT 50 U.S.C. 31 AND 32, AS AMENDED. ITS TRANSMISSION OR THE REVELATION OF ITS CONTENTS IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW. REPRODUCTION OF THIS FORM IS PROHIBITED

THIS IS UNEVALUATED INFORMATION

1. A law issued by the Czech government during the second half of 1949 and valid as of 1 January 1950 reorganizes Czech economy on the following basis:
- 25X1
- a. Every factory is organized into independent sections or shops under a chief who shares the profits and losses of his division. The accounts of each section are handled individually so that production, expenditures, profits and loss can be more closely determined and controlled. Accounts are handled on the basis of a two-week period. Each section has business dealings with other sections of the factory as an independent unit. Only the sales and purchasing departments have contacts outside the factory.
 - b. Wages of production employees are paid on the basis of piecework in order to increase production and individual responsibility of the workers. In August 1950 a law was issued dealing with the jurisdiction of the factory management and restricting the powers of the workers' committees (savodni rady).
2. This type of organization has been practised for some time by Bata (Svit), and is to be copied by all sectors of the Czech economy according to an order issued by the USSR at the economic conference in Moscow in April 1949. In order to train the workers for the change, courses are being conducted throughout Czechoslovakia on new calculating methods (kalkolacni metody), the new system of organization and bookkeeping. The advantages of such a system include closer control of production rate and quality, and an increase in worker efficiency. It depends on workers who are free and willing to assume responsibility for their own production and capable of determining solely on the basis of professional experience the best means of achieving the desired results. In addition, the establishment of rigid quotas requires the accessibility of raw materials and efficient machinery. Finally, each worker must be responsible to a section chief and his output accurately measured.
3. These requisites do not exist in most Czech industries. Political criteria interfere with the workers' independent establishment of work methods and rates of production; raw materials, many of which must be imported, are not always at hand when needed; much of the machinery is old and not dependable; in some factories, workers must be attached to more than one production section and the accounting machinery is insufficient for the load which it must assume. In many industries, piecework is not practical.

CLASSIFICATION

CONTROL - U.S. OFFICIALS ONLY

STATE	<input checked="" type="checkbox"/>	NAVY	<input checked="" type="checkbox"/>	NSRB	DISTRIBUTION			
ARMY	<input checked="" type="checkbox"/>	AIR	<input type="checkbox"/>	FBI				

Dissemination is hereby restricted to
 CONFIDENTIAL in accordance with the
 of 16 October 1978 from the
 of Central Intelligence to the
 of the United States.

Approved For Release 2006/05/25 : CIA-RDP82-00457R006200060005-6

Document No. 100
No Change in Class. ☐
☒ Declared Out of Class. Change To: TS S C 25X1
Auth: HR 70-2
RDP82-0045750R630006005-6

~~CONTROL~~ - U.S. OFFICIALS ONLY

25X1

CENTRAL INTELLIGENCE AGENCY



4. These difficulties have caused serious losses in production since the reorganization was instituted. In the first eight months of 1950, the loss in nationalized enterprises is estimated at about two billion crowns. The government, warned by leading economists of the effects of the continuation of this method of organization under the circumstances, states that it is impossible to take any action to change it.

~~CONTROL~~ -U.S. OFFICIALS ONLY